

October 25, 2002

The Honorable Mayor Susan W. Kluttz,  
City Council, City Manager,  
and the Citizens of the  
City of Salisbury, North Carolina

We are pleased to submit the Comprehensive Annual Financial Report (Report) of the City of Salisbury (City) for the fiscal year ended June 30, 2002 (FY02). We are particularly proud of the fact this Report has been entirely prepared by the City's Finance Department. Responsibility for both the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures, rests with the City. We believe the data is accurate in all material respects, and it is presented in a manner designed to set forth fairly the financial position and the results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The accompanying financial statements have been audited by McGladrey & Pullen, LLP, an independent firm of certified public accountants, and their opinion is included in the Report.

### GENERAL

The financial statements have been prepared in compliance with applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and reporting contained in both *Audits of State and Local Governmental Units*, an audit guide prepared by the Committee of Governmental Accounting of the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards*, issued by the Comptroller General of the United States. Among the other resources used in the preparation of the financial statements, the Finance Department Staff has given particular attention to the *Governmental Accounting, Auditing and Financial Reporting* (GAAFR) issued by the Government Finance Officers Association of the United States and Canada (GFOA), and Governmental Accounting Standards Board (GASB) pronouncements.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, organizational chart, a list of principal officials, and facts and information about the City. The financial section includes the general purpose financial statements, the combining and individual fund and account group financial statements, and other schedules, as well as the auditor's opinion on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the State Single Audit Implementation Act, and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Information related to the compliance audit and the schedule of expenditures of federal and State awards are included in the compliance section of this Report.

The City participates in the Certificate of Achievement for Excellence in Financial Reporting awards program sponsored by the Government Finance Officers Association of the United States and Canada. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The City's Comprehensive Annual Financial Report for the year ended June 30, 2001, was awarded a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report meets the Certificate of Achievement Program's requirements and intend to submit it to the GFOA to determine its eligibility for another certificate.

### **ECONOMIC CONDITION AND OUTLOOK**

The City of Salisbury is located in the heart of North Carolina. Situated along the I-85 corridor which links the community to the state's economic centers, the City is located midway between two major metropolitan regions: Charlotte to the south, and the Piedmont Triad (Greensboro, High Point and Winston-Salem) to the north. In addition to the interstate highway, the City is also served by two major rail lines which intersect in town and an airport on the outskirts of the community. This location offers widely diversified employment opportunities for residents in areas ranging from financial, educational, medical, and governmental to industrial and research activities. In summary, the diverse local economic base and long-term planning coupled with the region's advantages have made the City an attractive place to do business and to live.

The location also allows the City to serve as a trading and distribution center for the County and portions of surrounding counties. Although the nation's economy has slowed during the past two fiscal years, the effect on the City has been minimal. Gross retail sales in Salisbury for the twelve months ended June 30, 2002, increased slightly by 1.8%, or twelve million dollars, to \$678,341,604 from the prior fiscal year. Gross retail sales in Salisbury were higher in FY02 than any fiscal year in history. Total Rowan County sales were basically unchanged from the prior year, with a decrease of only one-half million dollars, to \$1,081,266,388. The City has had some recent additions to its largest retail center, which has helped to stabilize the City's retail sales.

The prevailing economic conditions have taken a toll on the region's unemployment rates. While Salisbury has typically fared well economically in comparison to many other locales, the area has not been exempt from the rise in unemployment over the past twelve months. The average unemployment rate for Rowan County over the twelve months ended June 30, 2002, was 6.1%, down slightly from 6.5% in 2001, but still up significantly from 3.8% in 2000. The average unemployment rate for the State of North Carolina was 6.4% during the same period, up from the previous year's rate of 4.3%. The county's high average unemployment rates may be somewhat skewed due to large fluctuations in the monthly totals which were attributable to temporary layoffs. In the spring of 2002, the County's largest employer began calling hundreds of laid-off employees back to work. Rowan County's unemployment rate for June 2002 was 5.7%, compared with 6.9% for the state. Other than the layoffs, the unemployment rates have been adversely affected by the closing of several local businesses, particularly in the textile industry.

In contrast to the negative economic news mentioned above, the City's downtown area continues to go against the trend of retail exodus to area malls. The downtown business district is a thriving retail center for area merchants. The City continues to support and encourage the revitalization of the downtown business district that began in the early 1980's. Since that time a total of over \$70 million has been invested in the redevelopment of Salisbury's downtown. The number of businesses operating in the downtown area increased

by three during FY02 and the quality of those businesses has enhanced the downtown retail environment. The story of downtown Salisbury is one of public-private partnerships committed to maintaining our place as one of the best downtown districts in North Carolina.

The City's proximity to the State's metropolitan regions provides many advantages and challenges. The Piedmont is one of the country's largest growth corridors. In these slowing economic conditions, the City's management, the City Council, and the citizens continue to explore and develop goals and plans to keep the City of Salisbury financially sound while providing the services domestic and corporate citizens require.

## **MAJOR INITIATIVES**

The fiscal year ended June 30, 2002, was a challenging one in many ways. In February, in an attempt to ease the financial woes of the State of North Carolina, the Governor withheld reimbursements and taxes due to counties and municipalities across the state. The Governor's action cost the City approximately \$1.7 million in anticipated revenue. The City was forced to re-assess the priorities of planned projects and the levels of services provided to our citizens. Despite this tremendous restraint on available resources, the City of Salisbury was able to continue several projects that focused on the concerns, wants and needs of our citizens in FY02. Areas worth noting were the continued progress in the City's improvement of neighborhoods and the revitalization of the downtown area. Also, the various departments that make up City government continue to thrive, as evidenced by the receipt of several national awards.

The improvement of City neighborhoods and communities is one of the foremost goals that came from the City Council's Annual Future Directions and Goal Setting Conference. One of the City's key projects of the Community Development department over the past two years has been the revitalization of the Park Avenue neighborhood. In December 2000, the City's Park Avenue Neighborhood Plan won a prestigious award from the National League of Cities. The Park Avenue Plan has addressed several of City Council's primary goals: neighborhood improvement, safer communities, affordable housing, improved parks, and better race relations. This project also is a prime example of the City's holistic approach to problem solving in which multiple City departments come together to develop well-rounded and balanced solutions. During FY02 the City continued to assist with housing rehabilitation in the neighborhood and is currently working on plans to convert a former warehouse into a Community Center. Since the Park Avenue project has been such a huge success, the City has begun to focus on the preservation of the Jersey City neighborhood. In conjunction with the Salisbury Community Development Corporation, a non-profit organization, and the Rowan-Iredell-Cabarrus Home Consortium, the City has started to replace abandoned houses in Jersey City with new, single-family dwellings. The new homes will be sold to first-time home buyers. Current plans for the Jersey City neighborhood include the construction of more than ten new homes and possibly a Community Center. The Jersey City project will meet the goals of the City's Vision 2020 plan and Council goals of putting City residents in new housing and increasing the City's tax base.

As mentioned above, the revitalization of Salisbury's downtown area continues to surge ahead. Investment in downtown construction projects during FY02 was in excess of \$10 million. Some of the more notable projects were the renovation of a former retail store into new office space at F & M Financial Center and the re-opening of Easy Street, a pedestrian walkway connecting the Salisbury Station and Main Street. The downtown also welcomed the addition of the newly constructed 205 East Council Place, an award winning 12,000 square foot infill project. Currently, the downtown area has a first-floor occupancy rate of 95% and upper floors now house over 100 apartments.

City Council also desires to maintain the quality management of the City and each of its departments. One way of validating the quality of a City department is to seek national accreditation. In December 2001, the City's Police Department received the International Accreditation Award from the Commission on Law Enforcement Agencies, Inc. The Police Department also received an ITT Community Policing award from

the International Association of Chiefs of Police. During FY02 the City began implementing the Salisbury Vision 2020 Comprehensive Plan, a blueprint for the City's future that contains policies to guide future land development decisions. In May 2002, the North Carolina Chapter of the American Planning Association presented Salisbury the Small Community Outstanding Planning Award for Comprehensive Planning for its 2020 Plan. The City's Finance Department continues to excel as well, winning awards for both the Annual Budget and the Comprehensive Annual Financial Report from the Government Finance Officers Association of the United States and Canada.

## **FUTURE DEVELOPMENTS**

The City's downtown revitalization is far from complete. The Downtown Master Plan Committee recently completed a market-driven plan that will guide development for the next twenty years. Within the next year, A & H Investments will open a new office building that consists of a renovated building with an attached, new addition. Other future developments include the \$1.2 million renovation of the old McCanless Motor building that will house the new Waterworks Visual Arts Center. Also, various architects and planners have come together to develop ideas for the revitalization of the Lee Street Warehouse District. The City will be busy as well with the development of the Council Street Streetscape, downtown parking, and the Easy Street pedestrian walkway.

The entire state of North Carolina has been enduring a four-year long drought, and many municipalities are suffering from a severe water shortage. The City of Salisbury has an ample supply of water and is in position to help nearby drought-stricken areas. The City already provides water to four towns in Rowan County. Three other municipalities will tie in to the system in the very near future. Construction of lines to southern Rowan County began during FY02, with plans of bringing the first town on line by the fall of 2002. The other two municipalities will be added soon thereafter. Also, the City is currently constructing a new water line along the Highway 70 corridor in Rowan County to increase capacity to a power generating plant owned by Carolina Power and Light. These new lines are projected to be in service by March 2003. As part of the construction necessary to accommodate this substantial increase in water sales, the City will also be upgrading its water plant. These and other capital projects are being financed by the May 2002 issue of revenue bonds, significant contributions from Carolina Power and Light and Rowan County, and reserves of the Water and Sewer Capital Projects Fund.

The City has approved an annexation plan for an area along US 70 which will include the Westcliffe and Hendrix Estates subdivisions. The annexation helps to accomplish City Council's goals of expanding the tax base and generating new revenues. The annexation process is due to become effective July 1, 2003.

The City will continue to participate in the Benchmarking Project being conducted by the Institute of Government of the University of North Carolina at Chapel Hill. The purpose of this project is to provide an external context in which to examine local government performance. At this point, police services, asphalt maintenance, residential solid waste and yard waste/leaf collection, recycling, and fire services have been and will continue to be evaluated. The City hopes to improve existing service by establishing local government performance measures that can be compared to other municipalities in order to assess our performance. City goal setting, team building, goals evaluation, and determining levels of service will all be enhanced by participating in the implementation of uniform performance measure standards that will allow for a municipality's performance to be assessed.

In 2003, the City of Salisbury and Rowan County will both celebrate the 250<sup>th</sup> anniversary of their incorporation. The mission of the planned, year-long celebration, "Rowan 250 Fest," is to educate people of all ages on Salisbury and Rowan County history and preserve a legacy for future generations. The 250 Fest should provide a boost to the local economy.

## **REPORTING ENTITY**

This Report includes all funds, account groups, agencies, commissions, and boards which are dependent on the City or over which the City may exercise control. The City of Salisbury (as legally defined) is considered to be a primary government. Current governmental standards for accounting and financial reporting require inclusion of the primary government as well as its component unit in a published comprehensive annual financial report. The component unit is a legally separate entity for which the primary government is primarily financially accountable or for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The primary government is considered financially accountable if it appoints a voting majority of the organization's governing body; and 1) it is able to impose its will on that organization; or, 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government.

The discretely presented component unit, Downtown Salisbury Inc., is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the primary government and to differentiate its financial position, results of operations, and cash flows from those of the primary government.

## **SERVICES PROVIDED**

The City of Salisbury provides a full range of municipal services allowable under State law including law enforcement, fire protection, zoning and code enforcement, recreation centers and parks, cemeteries, street maintenance, sanitation, and water and sewer systems.

## **GOVERNMENT STRUCTURE**

The City employs a Council-Manager form of government as provided in the City's Charter. The governing body consists of five council members, elected on a nonpartisan basis at large for a two-year term. The Council elects the Mayor from among themselves. The Mayor is usually the council member receiving the highest number of votes in the general election. Elections are held in November of odd numbered years. The City Manager (the chief executive officer) is appointed by and serves at the pleasure of the Mayor and Council. The Mayor and Council adopt a balanced budget and establish a tax rate for the support of City services prior to the beginning of each July 1 to June 30 fiscal year. The City Manager administers City programs in accordance with local policy and the annual budget.

## **ACCOUNTING SYSTEMS AND BUDGETARY CONTROL**

In developing and evaluating the City's accounting systems, consideration is given to the adequacies of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal and state awards, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the City's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state awards, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for FY02 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of departmental balances are not released until additional appropriations are made available. Open encumbrances lapse at year end and are reinstated against the subsequent year's appropriation. They are shown as a reservation of fund balance at June 30, 2002.

### **BASIS OF ACCOUNTING**

The City's accounting records for governmental funds are maintained on a modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized in the accounting period in which the liability is incurred except for unpaid interest on general long-term debt. Proprietary fund and pension trust fund revenues and expenses are recognized on the accrual basis whereby revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred. Fiduciary funds are accounted for on the modified accrual basis, the same as for governmental funds.

### **FUND ACCOUNTING**

Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or obtaining certain objectives in accordance with special regulations, restrictions, or limitations. Thus a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functions.

### **FUND AND ACCOUNT GROUP CATEGORIES**

Governmental funds are those through which governmental functions typically are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities, except those accounted for in the proprietary fund, are accounted for through governmental funds. The governmental fund measurement focus is based upon determination of financial position and changes in financial position (sources, usage, and balances of financial resources), rather than upon net income determination. The statement of revenues, expenditures, and changes in fund balance is the primary governmental fund operating statement. It may be supported or supplemented by more detailed schedules of revenues, expenditures, transfers, and other changes in fund balance.

Proprietary funds are used to account for a government's ongoing organizations and activities which are similar to those found in the private sector. All assets, liabilities, equity, revenues, expenses, and transfers relating to the government's business and quasi-business activities (where net income and capital maintenance are measured) are accounted for through proprietary funds. The generally accepted accounting principles here are those applicable to similar businesses in the private sector; and the measurement focus is upon determination of net income, financial position, and cash flows.

Fiduciary funds are used to account for assets held by governmental units in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are purely custodial in nature and do not measure the results of operations. Pension trust funds are accounted for in essentially the same manner as proprietary funds.

In addition to these three fund types, there is a fourth category of accounting entity, the account groups. Account groups are used to establish accounting control and accountability for the government's general fixed assets and the unmatured principal of the general long-term debt. These two account groups do not, however, account for any fixed assets or unmatured principal of any long-term debt for any proprietary fund.

## FINANCIAL MANAGEMENT

The City's financial management program continues to provide the citizens of the City with an approach which has served to enhance the City's excellent financial position by:

1. Investing all available funds not needed on a daily basis in order to maximize interest earnings, and
2. Allocating City resources only to program areas that meet community needs, and
3. Monitoring these program areas to ensure they are carried out within authorized levels.

This financial management program allows the City to achieve its goal of expanded and improved services to the citizens of Salisbury. Additionally, the City's bond rating of "A1" by Moody's Investors Service, Inc. was reaffirmed in April 2002. The City issued \$20.5 million Combined Enterprise System revenue bonds in May 2002 and Moody's Investors Services, Inc. assigned an "A2" initial underlying rating to this issue. Concurrently Fitch Ratings assigned an "A+" rating to this issue along with rating the system's \$1.8 million in outstanding parity revenue bonds "A+". This is a reflection of the City's continued sound financial condition.

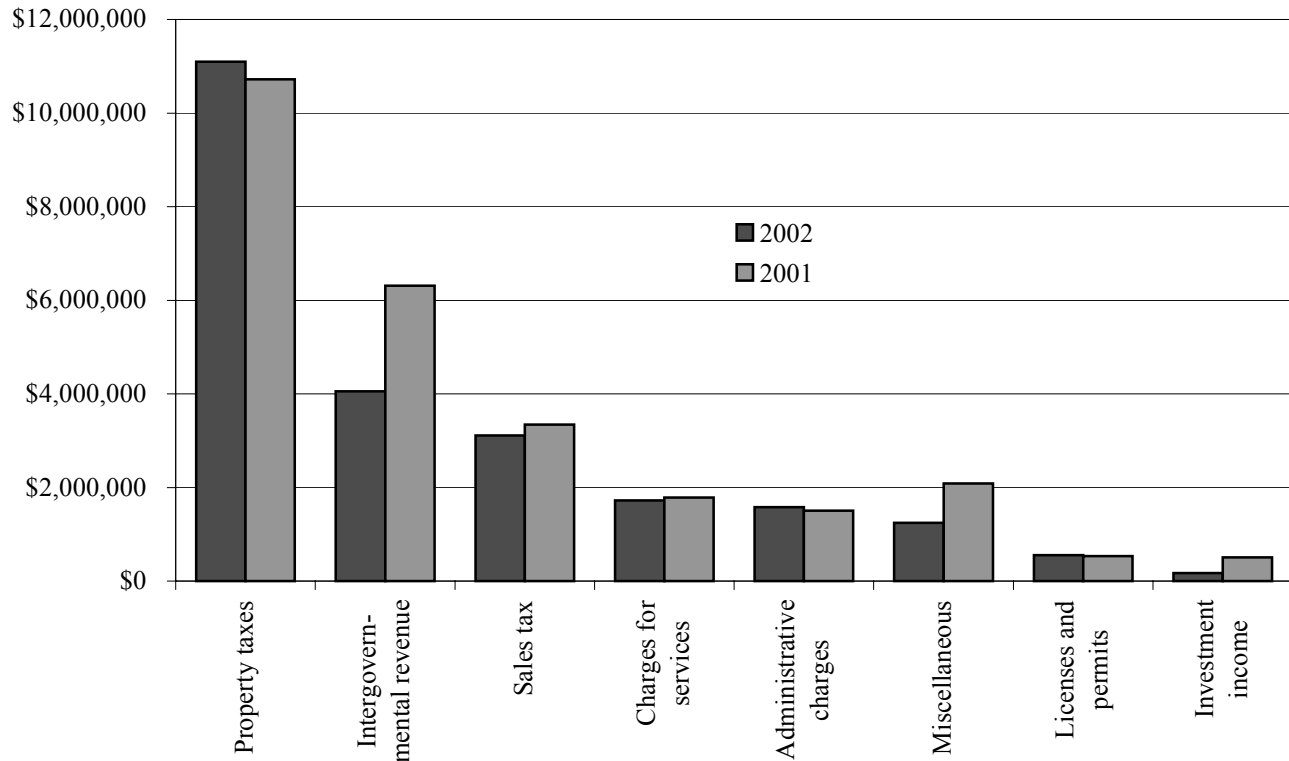
## EXHIBIT 1

### COMPARATIVE SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES GOVERNMENTAL FUNDS

Source	2002				Percent
	Percent of	Fiscal Year Ended June 30,		Increase	Increase
	Total	2002	2001	(Decrease)	(Decrease)
Property taxes, penalties, interest, and other taxes	47.16%	\$ 11,097,422	\$ 10,720,050	\$ 377,372	3.52%
Intergovernmental revenue	17.23%	4,055,323	6,313,050	(2,257,727)	(35.76%)
Sales tax	13.22%	3,111,802	3,346,897	(235,095)	(7.02%)
Charges for services	7.32%	1,721,919	1,783,086	(61,167)	(3.43%)
Administrative charges	6.72%	1,581,000	1,505,714	75,286	5.00%
Miscellaneous	5.28%	1,243,034	2,086,805	(843,771)	(40.43%)
Licenses and permits	2.34%	550,831	533,554	17,277	3.24%
Investment income	0.73%	170,968	508,696	(337,728)	(66.39%)
Total	100.00%	\$ 23,532,299	\$ 26,797,852	\$ (3,265,553)	(12.19%)

(Derived from Statements B-3, C-2 and D-2)

**EXHIBIT 2**  
**REVENUES AND OTHER FINANCING SOURCES**  
**GOVERNMENTAL FUNDS**



**REVENUES - GOVERNMENTAL FUNDS**

As illustrated in Exhibits 1 and 2, the \$3,265,553 (12.19%) decrease in revenues in the City's governmental funds from FY01 was primarily attributable to decreased intergovernmental revenues, sales taxes, interest income, and miscellaneous revenues.

**Property Tax Revenues**

In response to a sagging national and local economy and rising unemployment, Salisbury's City Council approved a budget for FY02 that left the property tax rate unchanged at 60 cents per \$100 assessed valuation. Even without an increased tax rate, total property tax revenue of the City, including prior year collections increased \$377,372 (3.52%) in FY02. This increase in revenues is the result of growth in the City's tax base due to new construction and the continued redevelopment of properties in the downtown district. The tax rate for the downtown tax district remained at sixteen (16) cents per \$100 assessed valuation. The tax receipts from the downtown district are utilized by Downtown Salisbury, Inc. for advertising and promotional activities in the district. These tax receipts are accounted for in the Municipal Service District Agency Fund and are not included in Exhibit 1.

Total assessed valuation increased \$34,242,750 (1.88%) in FY02. Exhibit 3 depicts this increase by types of assessed property, while Exhibit 4 graphically illustrates the City's property tax base.

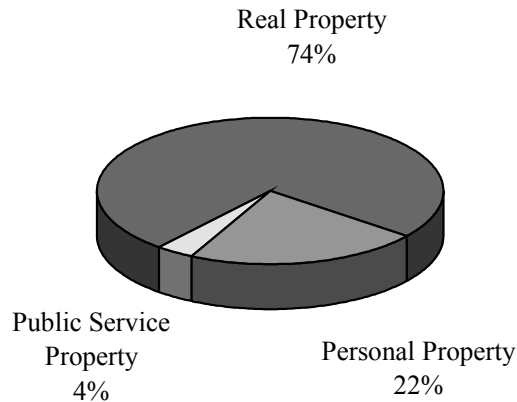


**EXHIBIT 3**  
**ASSESSED VALUATION**

<b>Source</b>	<b>2002</b>	<b>Fiscal Year Ended June 30,</b>		<b>Increase</b>	<b>Percent</b>
	<b>Percent of</b>	<b>2002</b>	<b>2001</b>	<b>(Decrease)</b>	<b>Increase</b>
	<b>Total</b>				<b>(Decrease)</b>
Real Property	74.48%	\$ 1,381,515,869	\$ 1,337,944,798	\$ 43,571,071	3.26%
Personal Property	21.88%	405,754,659	417,818,187	(12,063,528)	(2.89%)
Public Service Property	3.64%	67,540,438	64,805,231	2,735,207	4.22%
Total	<u>100.00%</u>	<u>\$ 1,854,810,966</u>	<u>\$ 1,820,568,216</u>	<u>\$ 34,242,750</u>	1.88%

(Derived from Table 5)

**EXHIBIT 4**  
**2001 ASSESSED VALUATION**



The percentage of current taxes collected in FY02 increased slightly from FY01. Exhibit 5 compares collections in FY02 and FY01. When all property tax collections are considered, the rate of collection increased from 98.3% during FY01 to 100.12% in FY02.

**EXHIBIT 5**  
**TAX COLLECTIONS**

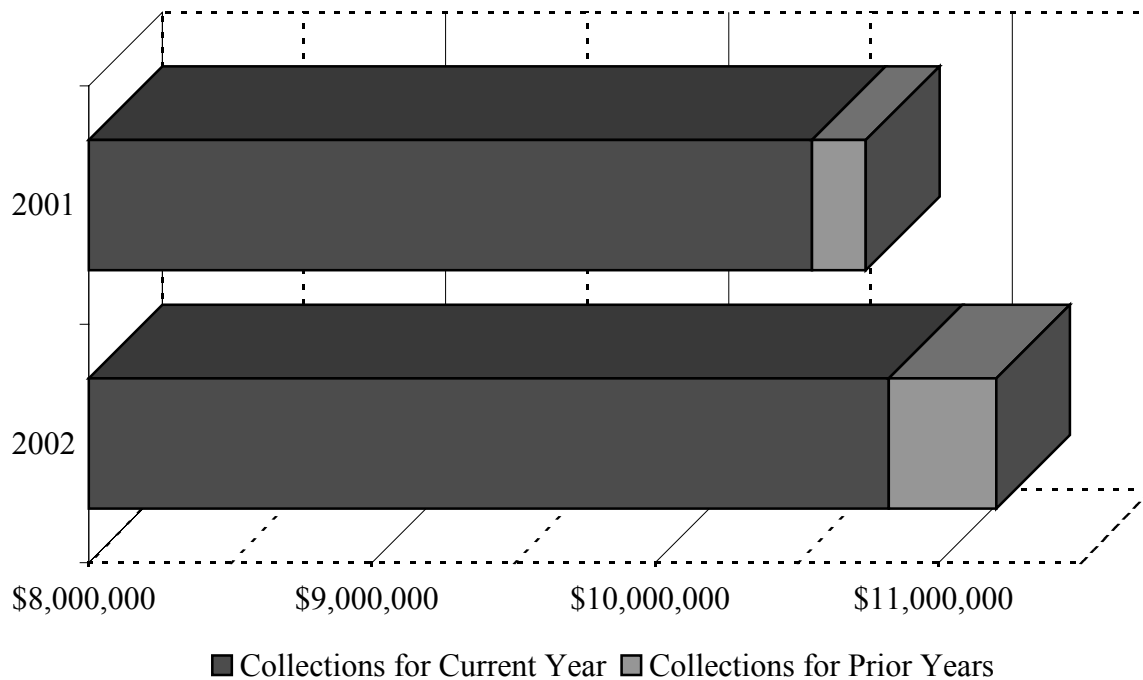
<b>Fiscal Year</b>	<b>Tax Levy</b>	<b>Percent</b>	<b>Percent of</b>
		<b>Collected in</b>	<b>Total</b>
<b>Ended June 30,</b>		<b>Year of Levy</b>	<b>Collected to</b>
			<b>Tax Levy</b>
2002	\$ 11,190,087	96.73%	100.12%
2001	\$ 10,928,747	96.56%	98.30%

(Derived from Table 4)

Exhibit 6 graphically illustrates tax collections for the two years. The collection effort continues for a ten year period, after which any uncollected amount is written off. In FY02, a total of \$20,280 was written off.

### EXHIBIT 6

#### TOTAL TAX COLLECTIONS BY YEAR



#### Intergovernmental Revenue

Intergovernmental revenues, which are primarily composed of State-shared revenues, decreased \$2,257,727 (35.76%) from FY01. Reimbursements and taxes due from the State of North Carolina to municipalities were withheld by the Governor to cover the shortfall in the State's budget. The total estimated loss to the City of Salisbury due to the Governor's withholding of funds was \$1,686,273. Also, last year the City received an extra \$500,000 in Utilities Franchise Taxes due to correction of errors by the State.

#### Sales Tax

Sales tax revenue comprises 13.22% of the City's total governmental revenues. Sales tax revenue decreased \$235,095 (7.02%) from FY01 because of the slowing state and local economy.

#### Investment Income

Interest earned on investments is an important contributing factor in maintaining a stable tax rate. During FY02, the City's Governmental Funds received \$170,968 of investment income. Beginning in early 2001, the Federal Reserve Board reduced short-term interest several times in an effort to rescue the nation's slowing economy. As a result, the City's yields on its investments have gone from over six percent to less than two percent. Therefore, investment income for FY02 decreased by \$337,728 from FY01, or 66.39%.

## Other Revenues

Miscellaneous revenues, including sale of property, rental of property, donations, and other unclassified revenues, decreased \$843,771 (40.43%) in FY02. The majority of this increase is attributable to a \$796,445 decrease in recognized donations for the new Salisbury Community Park.

## **EXPENDITURES AND OTHER FINANCING USES - GOVERNMENTAL FUNDS**

Total expenditures and other financing uses increased \$2,055,792 (7.66%) during FY02. Total expenditures and other financing uses were \$24,779,136, which is approximately \$4.27 million or 14.69% under budget. Although salaries and fringe benefit costs increased throughout the City, these increases were offset by holding the line on operational expenditures.

### **EXHIBIT 7**

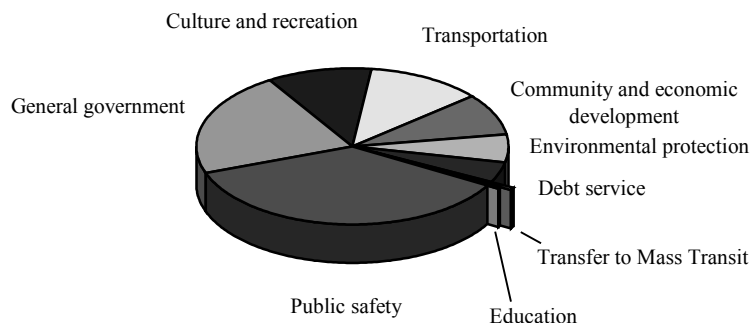
#### **COMPARATIVE SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES GOVERNMENTAL FUNDS**

Function	2002		Fiscal Year Ended June 30,		Increase	Percent
	Percent of				Increase	
	Total	2002	2001	(Decrease)	(Decrease)	
Public safety	36.08%	\$ 8,941,298	\$ 8,860,001	\$ 81,297	0.92%	
General government	21.63%	5,360,451	5,336,349	24,102	0.45%	
Culture and recreation	10.76%	2,666,102	4,272,125	(1,606,023)	(37.59%)	
Transportation	12.02%	2,978,265	3,721,416	(743,151)	(19.97%)	
Community & economic development	8.75%	2,168,981	2,021,636	147,345	7.29%	
Environmental protection	5.68%	1,406,346	1,413,534	(7,188)	(0.51%)	
Debt service	4.26%	1,055,069	1,007,243	47,826	4.75%	
Transfer to Mass Transit	0.65%	160,282	160,282	-	-	
Education	0.16%	42,342	42,342	-	-	
Total	99.99%	\$ 24,779,136	\$ 26,834,928	\$ (2,055,792)	(7.66%)	

(Derived from Statements B-2, C-2, and D-2)

Exhibit 7 presents a comparison of expenditures by function, while Exhibit 8 graphically illustrates where the expenditures occurred. A brief analysis of major changes follows.

#### **EXHIBIT 8 EXPENDITURES AND OTHER FINANCING USES GOVERNMENTAL FUNDS – 2002**



## Public Safety

The City's Public Safety programs include police and fire protection for which expenditures increased \$81,297 (0.92%) in FY02. Total Police Department expenditures increased \$70,976 or 1.2% and Fire Department expenditures increased by \$10,321, or less than one-third of one percent from the prior year. Increases in salaries and benefits of \$357,616 for Public Safety were offset by reducing operational expenditures by \$175,491 and capital expenditures by \$99,928. The City received \$324,787 from federal grants to offset costs of equipment purchase and hiring new officers.

## General Government

General government includes the expenditures of the City Council, City Manager, Finance, Purchasing, Information Technologies, Human Resources, City Office Buildings, Telecommunications, Public Services Administration, and Fleet Management. General government expenditures for FY02 increased slightly by \$24,102 (0.45%).

## Culture and Recreation

Culture and recreation includes the Recreation and Landscaping departments. All the City's recreation programs, parks, recreation centers, and cultural activities and appropriations are accounted for in the Recreation Department. Culture and recreation experienced a decrease in expenditures of \$1,606,023 or 37.59% during FY02. The decrease in expenditures is attributable to less construction and renovations in FY02 than in FY01. In the prior year the Recreation Department spent \$1,068,213 on the continuing construction of the new Salisbury Community Park, as opposed to \$143,079 spent in FY02. Also, as seen in Statement D-2, expenses on other construction and renovation projects decreased by \$472,776 in FY02.

## Transportation

Transportation expenditures, which include street maintenance and construction, street lighting, and traffic engineering, decreased \$743,151 (19.97%) in FY02. During FY01 the City incurred \$364,501 in special projects expenditure for items such as sidewalk installation, development of a new traffic signal system, storm drainage improvements, and development of the Salisbury Greenway. Similar expenditures in FY02 decreased by \$241,706 to \$122,795. Also, expenditures for Transportation decreased by \$376,014 from FY01.

## Community and Economic Development

Expenditures during FY02 increased \$147,345 or 7.29% in the City's community and economic development programs. These programs are comprised of the City's Community Development Department, Housing and Urban Development (HUD) grant programs, Developmental Services Department, and the Plaza. The increase in expenditures for FY02 is attributable to new neighborhood revitalization projects accounted for in the City's Special Revenue Fund, which is funded primarily from the U. S. Department of Housing and Urban Development. As detailed in Statement C-1, expenditures in the Special Revenue Fund increased \$230,458 over FY01.

### Environmental Protection

The City's environmental protection programs are comprised of the Solid Waste Management and Cemetery departments. Environmental protection expenditures were virtually unchanged from the prior year, with a decrease of \$7,188 or 0.51% during FY02. Expenditures for Solid Waste Management increased by less than one percent, \$4,871, while Cemetery expenditures decreased \$12,059 or 5.9%.

### Debt Service

Debt service expenditures increased \$47,826, a 4.75% increase. The City's General Fund did not incur any new debt during FY02, but has borrowed funds for large projects or purchases three times since December 1999. At June 30, 2002, the City owed \$2,434,738 on installment purchase contracts. The installment purchase agreements and the City's \$2,825,000 of general obligation bonds issued for various public improvement projects show as debt outstanding in the general long-term debt account group at June 30, 2002. The bonds are backed by the full faith and taxing power of the City. The general obligation bonds and the installment purchases are being retired through the resources of the General Fund.

In addition to these bonds, the City accounts for debt issued for Water and Sewer purposes in the Water and Sewer Fund. Water and Sewer debt at June 30, 2002 includes \$16,080,000 general obligation bonds, \$15,067,590 State Clean Water bonds, and \$3,874,595 in outstanding capital leases. As discussed earlier, the City issued \$20,505,000 revenue bonds in May 2002, which brings the total outstanding revenue bonds in the Water and Sewer Fund to \$22,270,000.

### Other Expenditures

The City's supplements to the Salisbury Mass Transit System and the Rowan-Salisbury School System remained unchanged from the FY01 amounts of \$160,282 and \$42,342, respectively.

## **FUND BALANCE - GENERAL FUND**

The \$4,875,834 fund balance in the General Fund at June 30, 2002, is \$931,358 less than the June 30, 2001 balance (see Exhibits 9 & 10). As discussed earlier, the Governor of North Carolina withheld almost \$1.7 million in taxes and reimbursements due to the City. The City Manager implemented freezes on hiring, capital expenditures, and all non-essential expenditures immediately upon receiving notification of the withholdings. The City also had a reduction of its general work force, eliminating 33 positions. Because of this substantial loss of revenues, the City was forced to use part of the fund balance in the General Fund to maintain the high level of services to which our citizens have become accustomed.

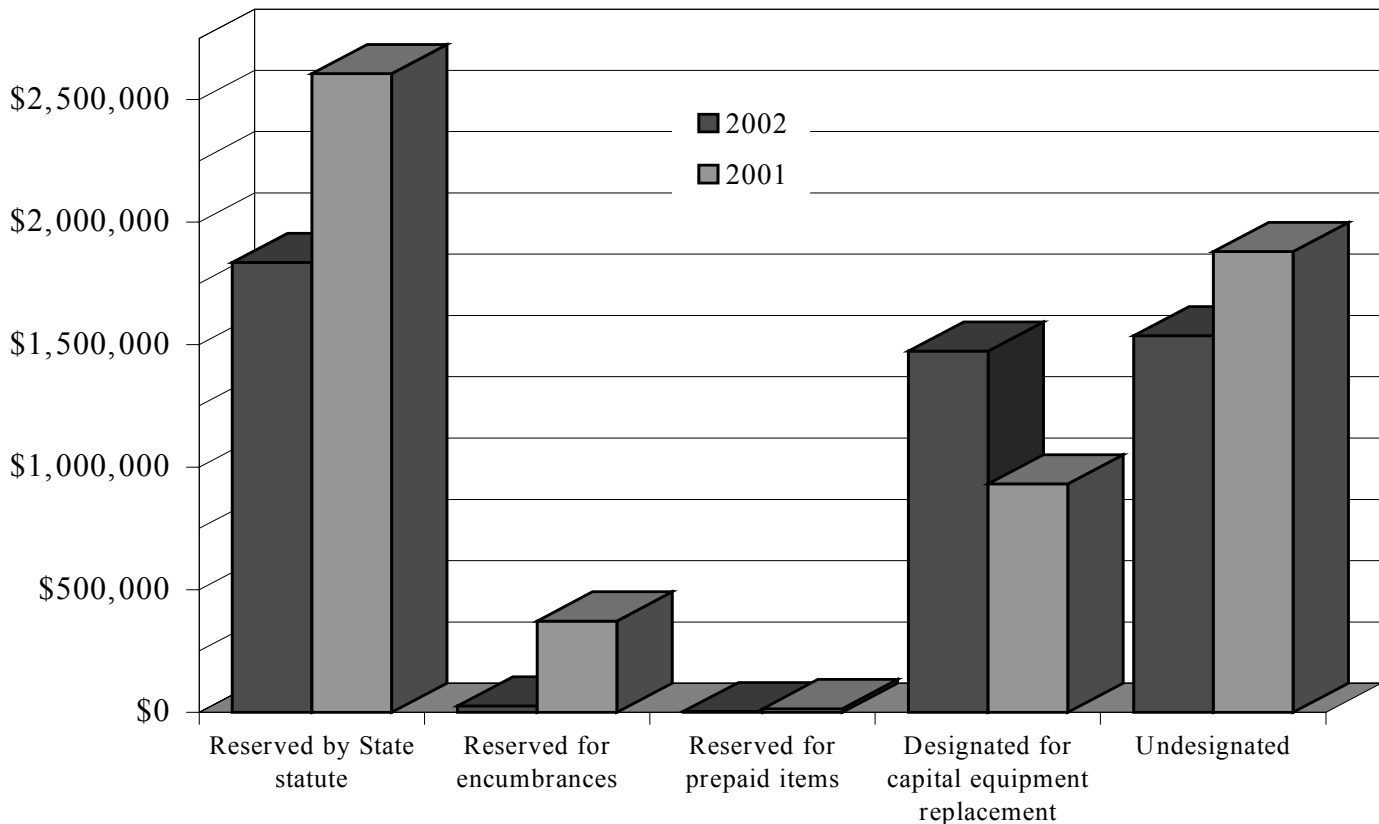
Funds available for the replacement of vehicles and other capital equipment increased \$541,354 to \$1,473,927, a 58.05% increase. The City has allowed its equipment reserve to grow in anticipation of large purchases during the fiscal year ending June 30, 2003. The portion of fund balance reserved by State statute decreased \$777,184 primarily due to a decrease in amounts due from other governments that are not offset by deferred revenues. Because of the financial woes of the State of North Carolina, the City will not be receiving over \$500,000 in inventory tax reimbursement for FY02. The amount reserved for encumbrances is composed of \$26,452 for obligations not satisfied as of the end of the fiscal year. Unrestricted and undesignated fund balance decreased by \$740,912 to \$1,536,493. If withheld revenues from the State mentioned above had been received, undesignated fund balance would have increased.

**EXHIBIT 9**  
**FUND BALANCE**  
**GENERAL FUND**

	<b>Fiscal Year Ended June 30,</b>		<b>Increase</b>
	<b>2002</b>	<b>2001</b>	<b>(Decrease)</b>
Reserved by State statute	\$ 1,835,362	\$ 2,605,848	\$ (770,486)
Reserved for encumbrances	26,452	373,121	(346,669)
Reserved for prepaid items	3,600	15,245	(11,645)
Unreserved:			
Designated for capital equipment replacement	1,473,927	932,573	541,354
Undesignated	1,536,493	1,880,405	(343,912)
Total fund balance	<u>\$ 4,875,834</u>	<u>\$ 5,807,192</u>	<u>\$ (931,358)</u>

(Derived from Statement B-1)

**EXHIBIT 10**  
**COMPARATIVE ANALYSIS OF FUND BALANCE**



The City follows a policy of maintaining an adequate fund balance as a safeguard against unforeseen circumstances and to provide a solid foundation for the City's fiscal health. At June 30, 2002, fund balance equaled 19.76% of the General Fund's operating budget for the new fiscal year.

## **BONDED INDEBTEDNESS**

Total outstanding general obligation debt, revenue bond debt, and State Clean Water Bonds at June 30, 2002, totaled \$56,242,590. North Carolina statutes provide that cities may maintain outstanding debt in an amount less than or equal to eight percent (8%) of assessed valuation. The current statutory debt margin for the City is \$123,170,544.

## **CASH MANAGEMENT**

The City's temporary idle cash is invested in interest-bearing demand deposits, certificates of deposit, obligations of the U.S. Treasury and federal agencies, bankers acceptances, commercial paper, and the North Carolina Capital Management Trust. All revenues received are deposited the same day in a consolidated interest-bearing bank account. This bank account is drawn upon to meet all payroll and payable obligations, and the City maintains in this account only as much money as is required to meet current obligations. All other idle cash is invested in instruments authorized by the General Statutes of North Carolina. The average yield on investments was 2.42% for the year ended June 30, 2002.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. The City's entire investment portfolio at June 30, 2002, is exempt from risk categorization as defined by the Governmental Accounting Standards Board. All of the City's investment portfolio was invested in the NC Capital Management Trust, an SEC registered mutual fund where the City is only a shareholder of a percentage of the fund and does not own any identifiable securities.

## **RISK MANAGEMENT**

In the efforts to maintain services at a reasonable cost to the citizens of Salisbury, the City has developed and maintained a risk management program that encompasses nearly every aspect of the City's operations. Insurance liability coverage is obtained through a combination of commercial insurers, the insurance pool administered by the NC League of Municipalities, and self-insurance. This approach has allowed the City to obtain maximal amounts of property and liability coverage at the most economical cost.

## **REVENUE - ENTERPRISE FUNDS**

Enterprise funds revenue increased by \$1,804,279 (10.91%) from the previous fiscal year (see Exhibit 11). The revenue in the Water and Sewer Fund increased by \$1,811,501 (11.23%), due mainly to increased water and sewer rates. Rate increases were necessary because of several plant closings during the past three years, which led to reduced revenues. Also, media focus on a state-wide drought has caused the City's customers to reduce their water usage, even though our water source continues to provide a sufficient amount of water to meet our customers' needs. The decrease in Water and Sewer other revenues is largely due to the decrease in interest income created by lower interest rates on investments. Revenues in the Mass Transit Fund decreased \$7,222 (1.75%). Transit fare revenues decreased slightly by \$929 (1.19%) from the prior year. Other revenues decreased \$6,293 (1.88%) due to decreased funding levels on reimbursements of expenses from federal and state governments.

**EXHIBIT 11****COMPARATIVE SCHEDULE OF REVENUES  
ENTERPRISE FUNDS**

	2002	Fiscal Year Ended June 30,		Increase	Percent
Source	Percent of Total	2002	2001	(Decrease)	(Decrease)
Water and Sewer:					
Charges for services	76.89%	\$ 14,107,131	\$ 12,037,258	\$ 2,069,873	17.20%
Capital contributions	18.70%	3,431,007	2,987,959	443,048	100.00%
Other revenues	2.20%	404,486	1,105,906	(701,420)	(63.42%)
	97.79%	\$ 17,942,624	\$ 16,131,123	\$ 1,811,501	11.23%
Mass Transit:					
Charges for services	0.42%	\$ 77,085	\$ 78,014	\$ (929)	(1.19%)
Other revenues	1.79%	328,581	334,874	(6,293)	(1.88%)
	2.21%	\$ 405,666	\$ 412,888	\$ (7,222)	(1.75%)
Total	100.00%	\$ 18,348,290	\$ 16,544,011	\$ 1,804,279	10.91%

(Derived from Statement E-2, E-5, and E-6)

**EXPENSES - ENTERPRISE FUNDS**

Enterprise expenses increased \$479,304 (3.46%) over the prior fiscal year as shown in Exhibit 12. Water and Sewer Fund expenses, including depreciation, increased \$539,366 (4.08%). Administration and operations costs increased by \$208,183 and \$90,966, respectively in FY02. These increases are the results of annual adjustments to salaries and benefits and to a large increase in sewer line repairs. Interest expense increased by \$57,595 from FY01. This increase was due to the new \$20.5 million revenue bonds that the City issued in May 2002. Mass Transit Fund expenses, including depreciation, decreased \$60,062 or 9.56%. This decrease was the result of lower vehicle maintenance costs.

**EXHIBIT 12****COMPARATIVE SCHEDULE OF EXPENSES  
ENTERPRISE FUNDS**

Function	2002		Fiscal Year Ended June 30,		Increase	Percent
	Percent of					
	Total	2002	2001	(Decrease)	(Decrease)	
Water and Sewer:						
Administration	18.04%	\$ 2,583,947	\$ 2,375,764	\$ 208,183	8.76%	
Operations	44.33%	6,350,807	6,259,841	90,966	1.45%	
Interest	12.77%	1,828,819	1,771,224	57,595	3.25%	
Depreciation	20.90%	2,993,351	2,810,729	182,622	6.50%	
	96.04%	\$ 13,756,924	\$ 13,217,558	\$ 539,366	4.08%	
Mass Transit:						
Administration	0.80%	\$ 114,082	\$ 135,322	\$ (21,240)	(15.70%)	
Services	3.12%	447,310	461,354	(14,044)	(3.04%)	
Depreciation	0.05%	6,494	31,272	(24,778)	(79.23%)	
	3.96%	\$ 567,886	\$ 627,948	\$ (60,062)	(9.56%)	
Total	100.00%	\$ 14,324,810	\$ 13,845,506	\$ 479,304	3.46%	

(Derived from Statement E-2, E-4, and E-6)



## FUND EQUITY - ENTERPRISE FUNDS

Water and Sewer Fund equity, as shown in Exhibit 13, increased by \$4,185,700 while the Mass Transit Fund equity decreased by \$1,938 during FY02. The Water and Sewer Fund equity increase was primarily due to the amount of capital contributed from the City's corporate and governmental partners on several large construction projects. Prior to FY01, these revenues were recorded as contributed capital. With the adoption of Governmental Accounting Standards Board Statement Number 33, contributions from other entities are now recorded as revenues. The decrease in Mass Transit fund equity was considerably less than in prior years due to the decrease in operational costs.

### EXHIBIT 13

#### FUND EQUITY ENTERPRISE FUNDS

	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Water and Sewer:			
Contributed capital	\$ 32,023,460	\$ 32,023,460	\$ -
Retained earnings	<u>31,975,377</u>	<u>27,789,677</u>	<u>4,185,700</u>
	<u>\$ 63,998,837</u>	<u>\$ 59,813,137</u>	<u>\$ 4,185,700</u>
Mass Transit:			
Contributed capital	\$ 1,490,621	\$ 1,490,621	\$ -
Retained earnings	<u>(1,281,666)</u>	<u>(1,279,728)</u>	<u>(1,938)</u>
	<u>\$ 208,955</u>	<u>\$ 210,893</u>	<u>\$ (1,938)</u>
 Total fund equity	 <u>\$ 64,207,792</u>	 <u>\$ 60,024,030</u>	 <u>\$ 4,183,762</u>

(Derived from Statement E-4 and E-8)

## INTERNAL SERVICE FUNDS

The City maintains two internal service funds for the purpose of providing services to the City's other operational funds. These funds are the Workers' Compensation Fund and the Employee Health Care Fund.

The City is self-insured for workers' compensation claims with an excess policy. The Workers' Compensation Fund is used to account for monies provided by the City and interest earnings on those monies to provide funds for major workers' compensation claims. The City incurred \$197,180 in claims during the year, which required the use of City funds but not our excess policy. FY02 claims increased \$78,298 from the prior year. The City maintains a constant vigilant effort to hold costs to a minimum through the City's active development of risk reduction activities. These include reviewing employee accident reports, employee accident prevention training, employee health awareness activities, and newsletters to employees.

The City also is self-insured for its employee health care policy. Premiums are established for the various classes (individual, parent-child, and family) of health care annually. The City deposits its contribution together with the amounts withheld from employees' compensation into the Employee Health Care Fund monthly. All claims for benefits under the City's health care policy are paid from this Fund. The City also maintains specific stop loss coverage of \$60,000 per employee annually and an aggregate stop loss of 120% in excess of anticipated claims. During the year, the City incurred no excess benefit claims where the specific stop loss was applied. Claims for the year were \$335,978 (15.15%) higher than last year. The Fund strives to

maintain a balance in excess of the incurred but not reported claims estimate. However, as of June 30, 2002, cash and investment balances were less than the incurred but not reported claims estimate.

## **FIDUCIARY FUNDS**

The City maintains three fiduciary funds: Boards and Commissions and Municipal Service District funds, which are agency funds, and the Law Officers' Special Separation Allowance Fund, a pension trust fund.

A municipal service district was established in Salisbury in 1986 together with a non-profit company named Downtown Salisbury, Inc. to administer the disbursement of funds received by the district. The City levies a tax rate of sixteen cents per \$100 assessed valuation on this special tax district. The Municipal Service District Fund is used to account for the collection of this tax and the remittance of it to Downtown Salisbury, Inc. During the year, the City remitted \$105,398 to Downtown Salisbury, Inc. from the Municipal Service District Fund.

The Boards and Commissions Fund is used to accumulate and disburse funds earned by the Community Appearance Commission and the Tree Board. At June 30, 2002, they had a balance of \$1,774 available for their use.

The Law Officers' Special Separation Allowance Fund was established to account for the pension activities mandated by State statute under the Law Enforcement Officers' Special Separation Allowance. The Fund accounts for contributions made by the City to provide for pension benefits, interest earnings on these monies, and the disbursement of pension amounts. During FY02, the City paid \$18,759 in pension benefits. The City conducts an actuarial review of the Plan on an annual basis and adjusts the required contributions to the Fund at the beginning of each fiscal year.

## **CONCLUSION**

Because of the slowing economy and the withholding of revenues by the Governor of North Carolina, FY02 was indeed a very challenging year financially for the City of Salisbury. The City has been fortunate to continue to experience rates of growth in its revenue base from taxable valuation during FY02. This growth has helped to reduce the effects of the loss of other revenues and assure our citizens that the City will be able to continue to provide the quality of services that they have come to expect.

As we look ahead to the future in the Water and Sewer Fund, significant construction has begun to expand the water plant capacity and extend the water distribution system. A historic Joint Agreement approved in December 2000 between Rowan County and Salisbury established the Salisbury water and sewer system as the primary utility provider for Rowan County. As a result of this Agreement, a new water distribution line that will serve the southern end of the County is nearing completion. Rowan County, with whom the City has water sales agreements, is funding this new line. The water treatment plant will have its capacity expanded from twelve million gallons per day to 28 million gallons per day. New water distribution lines will be built along the Highway 70 corridor to serve new industry. More than half of the cost of these two projects is being funded through a public/private agreement with a new industrial customer on the Highway 70 corridor. Recently the State of North Carolina has requested that Salisbury consider being a "donor" community for other municipalities that have been severely impacted by the two-year drought. This would require even more new construction to establish new connections between Salisbury and other cities. The City believes that the water sales along these new distribution lines will provide sufficient revenues to stabilize the water and sewer rates and place the Water and Sewer Fund on solid ground.

The future holds many uncertainties. Federal and State mandates continue to severely press local governments in all areas of operations. The citizens of Salisbury have come to expect and appreciate the high

level of service they enjoy. The management of the City is necessarily charged with managing its resources in the best possible manner to deliver those services at a cost citizens will agree to bear. As long as revenue growth rates do not decline unexpectedly; the costs of providing services do not escalate more rapidly than in previous years; and the City continues to evaluate all existing and potential revenue options, including annexations, we can accomplish this task. It will not be easy, but few challenges are. All City operations are being asked to contribute to the focused effort to maintain our ability and readiness to respond to our citizens. We have made it happen before, and we will make it happen again. Overall, continued growth and policy adjustments that have been initiated by City Council will continue to provide the City a stable financial position from which we may serve the citizens of Salisbury for years to come.

### **ACKNOWLEDGMENTS**

We wish to thank the Mayor, City Council and the City Manager for the support and trust they have given the Finance Department. On behalf of the team of the Finance Department, we promise our continued dedication to proving ourselves worthy of their support and trust. We are confident that together we can provide the citizens of Salisbury with responsible and progressive financial management.

For the preparation of this Report, the City is especially indebted to Myra B. Heard, Finance Specialist, Mark D. Drye, Productivity Analyst, and Renee A. Pierson, Accountant. Without their assistance, this Report could not have been prepared on a timely basis.

Each year, we strive to prepare a financial report which provides a meaningful analysis and disclosure of the City's financial activities and financial position. We believe this Report conforms substantially to the standards of financial reporting of the appropriate professional organizations.

Respectfully submitted,

John A. Sofley, Jr.  
Finance Director

S. Wade Furches  
Accounting Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Salisbury,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



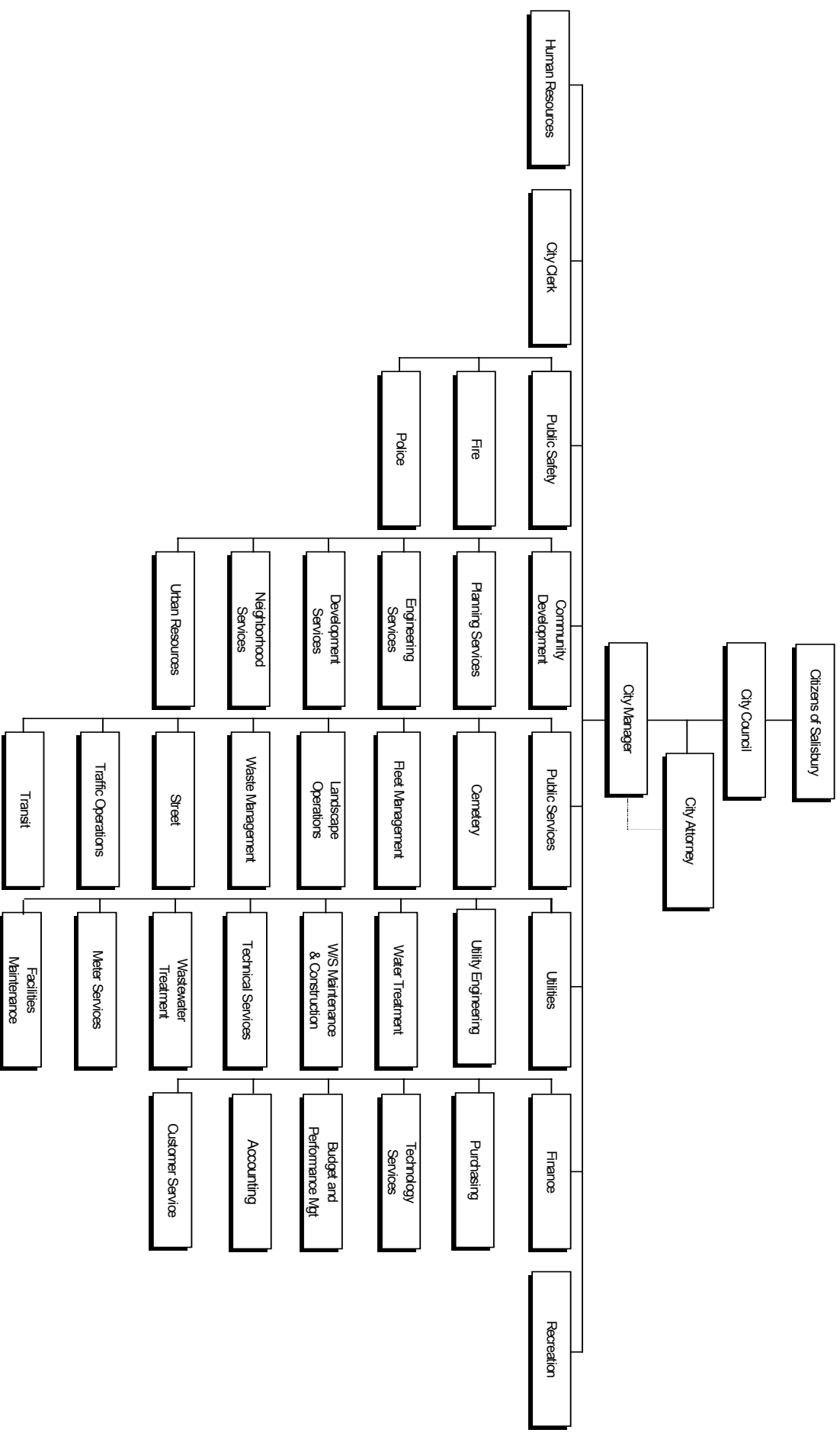
*Imelda Greve*  
President

*Jeffrey L. Esser*  
Executive Director

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# CITY OF SALISBURY

## ORGANIZATIONAL CHART



**CITY OF SALISBURY**  
**LIST OF PRINCIPAL OFFICIALS**

June 30, 2002

Mayor	Susan W. Kluttz
Mayor Pro Tem	Paul B. Woodson, Jr.
Council Member	William R. Burgin
Council Member	William R. Kennedy
Council Member	Robert G. Martin
City Manager	David W. Treme
City Clerk	Swanetta B. Fink
Finance Director	John A. Sofley, Jr.
Fire Chief	Samuel I. Brady
Interim Land Management and Development Director	Daniel J. Mikkelson
Technology Services Manager	C. Michael Crowell
Human Resources Director	Melissa H. Taylor
Police Chief	M. Chris Herring
Public Services Director	Vernon E. Sherrill
Purchasing Agent	Dewey D. Peck
Recreation Director	Gail Elder-White
Utilities Director	John C. Vest
Assistant Utilities Director	H. Matthias Bernhardt

# **FACTS AND INFORMATION ABOUT THE CITY OF SALISBURY, NORTH CAROLINA**

## **LOCATION**

Salisbury, the county seat of Rowan County, is located in the heart of the beautiful Piedmont area, the industrial heart of the State. Salisbury is located midway between Charlotte and Winston-Salem, 296 miles from Atlanta, Georgia and 368 miles from Washington, D.C.

## **CLIMATE**

The climate of the Salisbury area is moderate, a definite advantage to those who live and work here. The massive mountains of Western North Carolina form a natural barrier against the cold east-west winds. While definitely southern in climate, Salisbury is far enough north, and has sufficient altitude to escape the humid summers of many other southern regions. Extremes in climate are very rare and short-lived. In winter the high temperature is about 50 degrees, with a low around 32 degrees. The total snowfall is normally about 6 inches each year. In the summer, the high averages about 87 degrees, with a low of 66 degrees.

## **POPULATION**

The population of the City of Salisbury has increased steadily during the past decade. This is due to both annexations and internal growth stimulated by the local economy. Population currently is estimated to be 26,559 based upon estimates from the North Carolina Office of State Planning.

## **HISTORY**

Scotch-Irish, who originally settled in Lancaster County, Pennsylvania, moved down the "Great Wagon Road" 435 miles to Trading Ford on the Yadkin River to become the first settlers in Rowan County.

The County of Rowan was established in 1753. At this time, Rowan included all territory north to Virginia and east to what we know now as Guilford County and west to the mountains. Eventually, 26 counties were formed from Rowan. Rowan County was named for Matthew Rowan, acting governor for the colony in 1753.

The deed for Salisbury is dated February 11, 1755. The court center, called prior to this time Rowan Court House, was a bustling little village of seven or eight log cabins, a court house, jail and pillory, according to Governor Arthur Dobbs who visited here in late 1755.

The Court House dates to 1753 and consists of deeds, marriages, and miscellaneous records of value. Papers formerly in the Clerk's Office such as the early court minutes are stored at the State Department of Archives in Raleigh. Familiar names in American history adorn these records.

Andrew Jackson, Richard Henderson, William R. Davis, Daniel Boone, Lord Cornwallis, Richard Caswell and many other prominent local families as the Barkleys, Hoovers, and Polks, all ancestors of presidents or vice-presidents, appear time and again in the deeds and court minutes of the county.

Two years before the national Declaration of Independence and one year before the Mecklenburg Declaration of Independence, a group of patriotic citizens of Rowan County, serving as a Committee of Safety, on August 8, 1774, adopted the Rowan Resolves containing the pioneer element toward liberty and independence from Britain. These resolves reached the highest note of any passed in the colony in calling for the abolishment of the African Slave trade and urging the colonies to "unite in an indissoluble union and association". These resolves are located in the State Archives and are the only ones of the many passed in this period that are preserved.

So many legends and lifestyles have been passed down over the passage of time. Daniel Boone began his exploration of the Blue Ridge Mountains from here in Salisbury. Near the present-day library is the small office where Andrew Jackson studied law and was admitted to the bar before he moved westward.

For all the struggles and hardships our ancestors endured, they have provided Salisbury with character and a rich heritage.

## **GOVERNMENT**

The City of Salisbury's government is organized according to the Council-Manager form of government. The City Council, which formulates policy for the Administration of the City, together with the Mayor, constitutes the governing body of the City. The five (5) members are elected to serve two (2) year terms of office. The Mayor is elected from the five (5) Council members. The Mayor presides at City Council meetings. Also, a Mayor Pro Tem is elected by City Council members from the five (5) to serve as Mayor during her absence or disability.

The City Council appoints the City Manager to serve as the City's Chief Executive Officer. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures, and appointing departmental officers. At the present time, the City Manager is assisted by the City Clerk and eight staff departments: Finance, Human Resources, Fire, Police, Land Management and Development, Public Services, Parks and Recreation, and Public Utilities. The City provides a full range of municipal services allowable under State law including law enforcement, fire protection, zoning and code enforcement, recreation centers and parks, cemeteries, street maintenance, sanitation, and water and sewer systems.

## **UTILITIES**

Salisbury operates its own water and sewer system. The Yadkin River, which forms the northeast boundary of Rowan County, provides Salisbury with an abundant supply of good water. The average daily flow is nearly 2 billion gallons per day, and the minimum recorded one-day flow is 180 million gallons. The Salisbury water system, conventional in design and closely controlled, has a treatment capacity of 12 million gallons per day. Average daily usage during 2001 was 6.2 million gallons per day. The filter plant is designed for expansion as needed to 18 million gallons per day by adding pumping and settling capacity. An arterial system of distribution mains has been constructed to assure maximum fire protection to all parts of the city.

The Salisbury water system supplies three smaller towns in the County; Spencer, East Spencer, and Granite Quarry, and has been extended to a number of industrial sites well beyond the city limits. Additionally, Salisbury operates and maintains the well system for the Town of Rockwell. The water supply meets all federal and State quality requirements. Salisbury's water is fluoridated on a continuing basis. Salisbury's two wastewater treatment facilities serve as the area's regional wastewater utility with service expansion to the towns of Landis, China Grove, East Spencer, Granite Quarry, and Rockwell. Total daily treatment capacity in 2002 was 12.5 million gallons. Average daily treatment in FY 2002 was 6.2 million gallons per day.

The City of Salisbury owns and operates the water and sewer utility systems in Granite Quarry, Rockwell, and Spencer and their surrounding area.

Other utilities are provided by Duke Energy, Piedmont Natural Gas Company, Bellsouth Telephone, CT Communications, and Time Warner Cable.

## **TRANSPORTATION**

Salisbury, nearly the geographic and population center of North Carolina, is located on Interstate Highway 85, 42 miles from Charlotte, 53 miles from Greensboro and 38 miles from Winston-Salem. It is the crossroads of I-85, U.S. 29, 52, 70, 601 and N.C. 150. Over 3 million people live within 90 miles of Salisbury, 1.5 million within 55 miles and 60% of the population of the United States within an overnight truck haul. The seaports of Wilmington, Morehead City, Charleston, and Norfolk are less than a one-day truck haul away.

Rowan County Airport, three (3) miles from downtown Salisbury, has a 5,800 ft. x 100 ft. paved and lighted runway. Hangar space and private plane servicing are available.

The major commercial airports at Charlotte and Greensboro-High Point are less than an hour's easy drive from Salisbury. These airports provide excellent service to all parts of the United States via United, USAirways, Delta, TWA, Continental, and American Airlines. There are also direct flights available to London and Frankfurt.

Bus service is provided by Carolina Trailways and Greyhound with daily arrivals and departures. Their service also includes parcel shipments. Local bus service is provided by the City's Transit System.

Amtrak provides rail transportation with service on the Piedmont and the Carolinian from New York City to Charlotte, North Carolina. Arrivals and departures are from The Depot, a renovated station of the Salisbury Railroad Station Depot, originally built in 1907.

## **MOTELS**

An ideal area for small conventions, Salisbury has eleven (11) motels, with over 1,028 rooms, and two (2) bed and breakfast establishments in our historic district.

## **EDUCATION**

Salisbury is home to two (2) colleges and a technical college. Catawba College has thirty (30) buildings comprising a physical plant unsurpassed in the East for a college of this size and style. It has a total enrollment of 1,300 Liberal Arts Co-ed students and is affiliated with the United Church of Christ. Catawba College was founded in Newton, North Carolina in 1851, and opened in Salisbury in 1925.

Livingstone College was founded in 1879, and has 900 Liberal Arts Co-ed students. It is supported by the African Methodist Episcopal Zion Church. Hood Theological Seminary is located at Livingstone.



Rowan-Cabarrus Community College offers two-year educational programs leading to the associated degree in applied science. In addition, one-year diploma programs are offered in five fields. There is a total enrollment of approximately 3,500 full-time students.

In addition to the Salisbury-Rowan public school system, there are several private and church related elementary schools.

## **ARTS AND ENTERTAINMENT**

The cultural atmosphere of the Salisbury area is significantly enriched by the outstanding programs of Catawba and Livingstone Colleges and the other colleges in the area. Each year the Catawba College Shuford School of Performing Art brings a minimum of four musical events to Salisbury. Catawba's fine Drama department offers several professional type drama productions each year. Livingstone College also has a cultural series that brings artists to the community as well as an excellent drama group, The Julia B. Duncan Players.

The Piedmont Players, a community little theater organization, provides excellent entertainment as well as a chance to participate in both its acting and technical activities. They have completely restored the historic Meroney Theater, built in 1905. This theater provides a home for the Players and other performing artists.

The Salisbury-Rowan Symphony, consisting of musicians from the area, presents four concerts each season. In addition to participation in the regular concert series, the string quartet of the Salisbury Symphony visits the elementary schools to present programs. The object of this mini-concert series is to give the students some knowledge of music and famous composers.

Rowan-Cabarrus Community College participates in the North Carolina Visiting Artist Program. Each year a professional artist is employed and in residence at the college. Concerts and musical programs are provided regularly by many artists throughout the state as well as the Visiting Artist. In addition, Rowan-Cabarrus Community College sponsors a Folk Heritage Center. This center serves as a network for professional and local folk artists and presents classes, concerts, and other folk artist activities for the general public.

## **COMMUNITY FACILITIES**

Salisbury is served daily by The Salisbury Post. Four (4) radio stations provide for local programming. Although there are no local television stations, WBTV operates a satellite newsroom located in Salisbury. Local reception

provides coverage of all major networks in addition to cable television facilities.

A full-time year-round recreation staff offers activities for both young and old. In addition to organized activities, the City provides several parks and facilities for general use.

The new Salisbury Community Park celebrated its Grand Opening in the spring of 2001. Completed projects at the 314 acre Community Park include baseball/softball fields and soccer fields. Current construction in process includes a concession and restroom area, an 8.5 acre lake, walking trails and more baseball/softball fields.

City Park has a completely equipped playground, tennis courts and a five (5) acre lake for fishing. Salisbury has a Civic Center with weight room, racquetball courts, auditorium, tennis courts and a handicap exercise trail.

Kelsey-Scott Park is a fifteen (15) acre park located on Old Wilkesboro Road. Jaycee Sports Complex is a multi-use area with four (4) ball fields.

Hurley Park is a municipal garden which has a unique collection of plants to the area. The Park provides an educational experience as well as a pleasurable place to stroll.

## **SPECIAL EVENTS**

Each year, the Salisbury-Rowan Chamber of Commerce presents the National Sportscasters and Sportswriters Awards Program. The program has been a big success in the past, and has become even more popular due to the completion of a new Hall of Fame in the fall of 2000. The National Sportscasters and Sportswriters Awards Program has attracted great national attention to the City. Each year nationally renowned sportscasters and sportswriters visit Salisbury to attend the annual awards program.